

November 19, 2010

Comments from the United Kingdom on the Nigeria Investment Plan and
South Africa Eskom Renewables Project

Dear Patricia,

Many thanks once again for an excellently organised set of meetings in Washington.

As agreed in the CTF meeting we owe you written comments to be taken account of in revision of the Nigeria Investment Plan, and specific issues to be addressed in development of the Eskom renewables project.

On the former we were impressed by the attention being given by Nigeria to low carbon growth, especially as explained in the presentation. The Investment Plan also provided some rich material which was well supplemented by MDB staff in the subsequent discussion. We think that a revised plan could usefully draw on this material to present a much stronger narrative more explicitly addressing each of the CTF assessment criteria and, in particular, drawing out the story on how transformation and scale up would be achieved. This would be made more powerful by quantification of the anticipated benefits at sector level and a better articulation of the development outcomes.

We would also like to restate our very strong support for the South African Investment Plan and, specifically, for the Eskom renewables project. We are grateful to have the opportunity of contributing to its success. As discussed in the meeting we are looking for the following:

- an assurance that any change resulting from the technology review of the concentrated solar power component, to be completed in December 2010, will not materially affect the financing of the project, and that the findings of the review will be circulated to trust fund committee members;
- that the developmental impact of the project be better articulated, with appropriate project level indicators in line with the CTF Results Framework;
- that a breakdown of the costs of both the Upington CSP and Sere wind plant be provided and justified against international benchmarks (eg. a typical wind generation cost of \$2,000 per kW).

Thanks once again for your attention on this, and thank you to all CTF, government and MDB colleagues for the excellent discussions last week.

Kind regards
Greg